

**NTABANKULU LOCAL MUNICIPALITY**  
**ORIGINAL BUDGET**



**2019/2020 ORIGINAL MTREF**

FINAL BUDGET OF

# NTABANKULU LOCAL MUNICIPALITY

2019/20 TO 2021/2022  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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## Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
MM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
EE	Employment Equity
M	Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant

RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

## **Part 1 – Budget**

### **1.1 Mayor's Report**

Madam Speaker,  
Abantwana begazi,  
Fellow Members of the Executive,  
Fellow Councillors,  
Municipal manager and Team.

I am delighted to greet you all this morning.

I am delighted to note that we have come to table before council, work that we have done together to prepare for the year ahead.

I must note that my delight emanates from the level of diligence that you all have applied in putting together that work.

Fellow Councillors and Traditional leaders,  
I feel I should commend you all for the levels of commitment you all have reflected over the past few months in leading this Municipality.

Though we have all seen much mistakes that we did as Council and the Municipality, I am delighted that planning for the year ahead we are turning together a new leaf.

Though we have done remarkably well over the past year, but there are areas where we need robust improvement.

Owing to what I may term poor planning and monitoring, we have had great delays in many projects such as MPCC, Internal Streets and so on.

As the executive we committed ourselves to improving on our role to monitor the pwork of this municipality.

Over the past few months we have been out and about visitin projects and engaging stakeholders on the ground to understand what were the challenges.

From our own diagnosis, we concluded that our monitoring as the municipality was very poor and weak.

This marked a turning point on how we do things around our Municipality.

We understood clearly that in order to give effect to positive change we first had to look into our mistakes and learn from them.

Find areas of weakness and improve on them.

We had to be honest with ourselves.

Madam Speaker,

We must say that Ntabankulu has changed and Ntabankulu has changed for the better.

Our constant efforts to educate our people about their democracy are the fundamental pillar on which we have built social cohesion and nation building.  
Our people have now realised that they all can play a role in building a prosperous society.  
Our youths are now showing much enthusiasm to participate in the building of a better future for our area.

However I must note my lady that this growth is accompanied by some mischievous criminal elements.

Some culprits are taking advantage of our goodwill and are hijacking our democracy.

The latest of these is the situation in ward 07 where some hooligans have went too far to infringe the rights of others.

We understand that people must be allowed to exercise their democratic rights, but we will not tolerate criminal elements.

We will give attention to genuine service delivery complaints.

I am mentioning this so that we as councillors can educate our people of the right channels to submit petitions.

Our people must understand that we are more that eager to engage with our communities.

But we will not tolerate hooliganism.

We must educate our people to be part of the solution rather than part of the problem.

We must bear in mind **Chairman Mao Tse Tung's** contention that “ ***Political work is the life blood of all economic work. This is particularly true at the time when the social and economic system is undergoing fundamental change***”

Fellow Councillors.

Over the next financial year we are raising the bar on service delivery.

Allow me to present before you the report of the executive

### **On the Reviewed IDP**

As Ntabankulu Local Municipality have reviewed out Integrated Development Plan 2019/2020-2021/2022. This is as prescribed by Section 29 of the Municipal Systems Act No.32 of 2000 and in line with the adopted IDP process plan adopted by Council in August 2018.

In so doing, on the document itself we have:

- Updated IDP Situational Analysis as per the current developments and MEC Comments

- Looked into our overarching objectives per KPA, taking into consideration National priorities, National outcomes, National Development Plan , Medium Term Strategic Framework of the Province
- Looked into the Municipality's Objectives, Strategies and projects have been reviewed for the next three years, taking consideration SMART principle and resource backed targets
- All projects from other sector departments/parastatals have been considered and incorporated into the IDP 2019/2020-2021/2022

I must also mention that we have looked into the comments by MEC on the credibility of our IDP and effected his recommendations.

*On behalf of the Executive, I hereby recommend the adoption of the Draft IDP 2019/2020 to 2021/2022*

### **On the SDBIP**

The Service Delivery and Budget Implementation Plan is a requirement under Municipal Finance Management Act Section 53(1) and gives effect to the Municipality's integrated development plan and annual budget. The SDBIP facilitates the process of holding management accountable for their performance. It provides the basis for measuring performance in the delivery of services.

### **Components of the Service Delivery & Budget Implementation Plan**

The MFMA requires the following to be included in the SDBIP of a municipality:

- Monthly projections of each source of revenue to be collected.
- Monthly projections of each vote's expenditure (operating and capital) and revenue.
- Quarterly projections of each vote's service delivery targets and performance indicators.
- Information on expenditure and service delivery in each ward.
- Detailed capital works plans allocated by the wards over three years.

### **Processes carried out by the Municipality towards development of the SDBIP 2019/2020**

The Municipality developed Service Delivery & Budget Implementation Plan 2019/2020.

The Municipality considered the following in 2019/2020 SDBIP:-



- Consideration of ward based plans as prioritized by Communities
- Consideration of incomplete previous years projects for completion in the financial year 2019/2020
- Update of the baseline/situation analysis as at financial year 2018/2019
- SMART principle, well defined indicators and targets as raised in the audit 2017/2018.
- Prioritisation of Poverty alleviation programs

*It is recommended that the Service Delivery and Budget Implementation Plan 2019/2020 be noted by the Council.*

#### **On MTREF budget**

As Ntabankulu Local Municipality, we adopted our process plan for the year 2019/2020. One of the activities was the preparation and adoption of the draft budget within ninety days before the beginning of the financial year.

We are therefore expected to prepare a three year budgets that are sustainable in terms of being funded from realistically anticipated revenue to be collected. As a result of this, budget has been prepared taking into account the current economic crisis and the economic outlook going forward.

The Total Budget is allocated as a draft of **R260 337 673**

#### **On the Policies and By-Laws**

The Municipality has a total number of 41 Policies and 11 Bylaws in place.

The Management held its Policy Session on the 12<sup>th</sup> - 14<sup>th</sup> February 2019 where new policies and Bylaws were presented and existing policies and bylaws were reviewed due to the gaps identified

Directorate	Policy	New/Reviewed	By Law	New/Reviewed
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<b>LOCAL ECONOMIC DEVELOPMENT</b>	Back to School Support Policy	Review	Sale of Food Bylaw	Review
	LED Strategy	Review	Liquor Bylaw	Review
	Youth Summit Action Plan	New	Street Trading Bylaw	Review
	SMME Development Policy	Review		
<b>COMMUNITY SERVICES</b>	Disaster Risk Management Plan	Review	Waste Bylaw	Review
	EPWP Policy	Review		
	Pound Policy	Review		
	Petitions Policy	Review		
	Rules of Order	Review		
	Traffic Management , DLTC and Registering	New		
	Ward Committee Functioning Policy	Review		
<b>BUDGET AND TREASURY OFFICE</b>	SCM Policy	Review	Credit Control Bylaw	Review
	Banking and Cash Management Policy	Review	Tariff Bylaw	Review
	Budget Policy	Review	Property Rates By law	Review
	UIFW Policy	New		

	MPAC TOR			
	Petty Cash Policy	Review		
	Political Office Bearers Vehicle Policy	New		
	Asset Management Policy	Review		
	Inventory Management Policy	New		
	Indigent Policy	Review		
	Fleet Management Policy	Review		
	Credit Control and debt Collection Policy	Review		
	Property Rates Policy	Review		
	Tariff Policy	Review		
<b>CORPORATE SERVICES</b>	3G and Cell phone Policy	New		
	Customer Care Charter	Review		
	Customer Care Policy	Review		
	Induction and Orientation Policy			
	Internship Policy			
	EAP Policy			

	Sports Policy			
	Wellness Policy			
	Notebook Laptop Policy	New		
	In-service Training Policy			
	Change Control Process Plan	Review		
	Data Backup Policy	Review		
	ICT Strategy	Review		
	IT Policy	Review		
	ICT Framework	Review		
	ICT Infrastructure Plan	Review		
	Information Security Manual	Review		
	IT Procedure Manual	Review		
	Disaster Recovery Plan	Review		
<b>INFRASTRUCTURE PLANNING AND DEVELOPMENT</b>	Building Maintenance Policy	New	Building Control Bylaw	Review
	Roads and Storm water Maintenance Policy	New	Storm Water Bylaw	Review
	Land Disposal Policy	New	Public Roads Bylaw	New

			Spluma Bylaw	Review
<b>MUNICIPAL MANAGER'S OFFICE</b>	Communication and marketing Strategy	Review		
	Communication Policy	New		
	PMS Policy	Review		
	Fraud and Corruption Policy	Review		
	Risk Management Policy	Review		
	IGR TOR	Review		

It is recommended that the Council :

- Notes the draft policies and allow further work shopping .
- Notes the Bylaws and further allow public participation before approval by Council.

Fellow Comrades, nani Bantwana beGazi

I have come to the end of our presentation as the executive.

The task ahead of us as leaders of this municipality takes a new shape.

I wish to call upon you all as Political leaders to roll your sleeves, go out there and work as business unusual.

Our people have pinned their hopes upon us and we dare not fail them.

Our struggle for economic freedom is a struggle that must be won in this lifetime.

We must unite in fighting to change Ntabankulu for the better.

Let me leave you therefore my fellow countrymen with words from **O. R. Tambo** when he said ***“The fight for freedom must go on until it is won; until our country is free and happy and peaceful as part of the community of man, we cannot rest”***

**Ndiyabulela**

**THUMA MINA EZIZWENI**

## **1**

### **1.1 Council Resolutions**

On the 30<sup>th</sup> May 2019, the Council of Ntabankulu Local Municipality met in Municipal Hall to consider the Budget of the municipality for the financial year 2019/2020. The Council approved and adopted the following resolutions:

1. That the IDP 2019/2020 be approved;
2. That the Budget 2019/2020 be approved as per section 16 of the MFMA.
3. That the Council approves the Budget of the Municipality for the financial year 2019/2020; and indicative for the two projected outer years 2020/2021 and 2021/2022 be approved as set out in the following;
  - Operating Revenue by Source ...
  - Operating Expenditure by Source ...
  - Capital Expenditure by vote ...
  - Capital Funding by source .....
4. Council approves that the measurable performance objectives for each vote reflected in adopted budget are approved for the original budget year 2019/2020.
5. The Council approves the amended and non-amended budget related policies that are as follows:-
  - Budget Policy

- Asset Management Policy
  - Transport Policy
  - Credit Control & Debt Collection Policy
  - Supply Chain Management Policy
  - Property Rates Policy
  - Indigent Policy
  - Cash & Investment Policy
  - Petty Cash Policy
  - Catering Policy
  - Commitments Policy
6. That the Council approves 2019/2020 Tariffs
7. That the Council adopts Procurement Plan

## **1.2 Executive Summary**

### **METHOD OF PREPARATION**

The Budget was prepared based on the Zero Based Method. It has also been prepared in line with National Priorities, Provincial Development Growth Plan (PDGP), In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The Strategic planning session was arranged by Municipal Manager on 25<sup>th</sup> to the 28<sup>th</sup> of May 2018, to solicit information which was expected to reach the Chief Financial Officer within that week. All departments gave input that was to be used to finalise the Draft SDBIP.

The Municipality has developed a Revenue Enhancement Strategy that will assist in increasing own revenue. The Municipality will implement the Credit Control policy to reduce the high level of revenue from outstanding debtors.

### **1.4 Operating Budget**

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.:

- Salaries and Wages;
- Repairs and Maintenance;
- Depreciation on Assets,

- Insurance,
- Electricity,
- Telephone,
- Subsistence and Travelling Allowances,
- Fuel etc.

The total budget amounts to **R264 957 113** the breakdown of which is operational grants revenue of **R 126 981 000**, capital budget **R 57 164 000**, non-cash revenue **R 53 456 151.84**, and internally generated funds (own revenue) of **R 26 916 000.00**. Table 1 hereunder summarizes the budget per department

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2019/20 Draft Medium Term Revenue Expenditure Forecast.

Table 1

	<b>Adjustment Budget 2018/19</b>	<b>Original Budget 2019/20</b>	<b>Budget Year +1 2020/21</b>	<b>Budget Year +2 2021/22</b>
Total Revenue (excluding capital transfers and contributions)	196 277 292	207 353 152	204 954 393	217 568 122
Total Expenditure	190 900 899	202 327 381	201 315 923	214 263 546
Surplus/(Deficit) for the year	5 376 393	5 025 771	3 638 470	3 304 576
Total capital expenditure	90 689 392	62 189 770	59 673 470	68 731 576

#### Total Revenue by source

<b>Revenue</b>	<b>Amount</b>	<b>Percentage</b>
Property Rates	11 000 000	5,2%
Service Charges	300 000	0.14
Rental of Facilities	1 578 000	0,75%
Interest earned – external	1 500 000	0, 72%



Interest earned – internal	250 000	0.12%
Fines	2 300 000	1,1%
Operational Grants	126 981 000	61%
Other	63 884 413	31%
<b>Total Operational Revenue</b>	<b>207 793 413</b>	<b>100%</b>
Total Capital Grants	57 164 000	
<b>Total</b>	<b>264 957 152</b>	

**Total Expenditure by type**

<b>Expenditure</b>	<b>Amount</b>	<b>Percentage</b>
Employee Related Costs	69 704 533	33%
Remuneration of Councillors	11 957 820	6%
Debt Impairment	2 600 000	4%
Provisions	18 950 000	6%
Depreciation	20 000 000	10%
Repairs and Maintenance	5 835 000	2%
Contracted Services	3 100 000	17%
General Expenses	71 293 991	19%
<b>Sub-total</b>	<b>202 327 381</b>	<b>100</b>
Capital	61 385 770	
<b>TOTAL</b>	<b>264 517 152</b>	

**Draft Budget per Department**

Department	Expenditure	Income	Capital
Executive & Council	12 907 820.00	14330000	
Municipal Manager	16 844 863.00	20808074	

Finance	79 531 956.00	101762033	1 650 000.00
Corporate Services	25 713 369.00	18051398	2 200 000.00
Community Services	30 140 798.00	25737686	150 000.00
Local Economic Development	17 241 115.00	25663962	445 770.00
Infrastructure Development Planning	19 947 460.84	57664000	57 744 000.00
<b>TOTAL</b>	<b>202 327 381.84</b>	<b>264517151.8</b>	<b>62 189 770.00</b>

### Capital Budget

Capital projects amounting to **60 635 801** has been included in this budget. The municipality's internally generated funds available to fund these projects amount to **R4 830 000.00**

All projects presented in this report are the priorities as per the Draft Integrated Development Plan which was reviewed from the month of August 2018 during the IDP Road-shows and the strategic planning session held in March 2019 by the municipality.

### Funding of Capital Budget

INEP	30 000 000
MIG	27 164 000
<i>Sub Total</i>	<b>57 164 000</b>
Internal funds	
<b>TOTAL</b>	

### Property Rates

The Property Valuation Roll came into effect the 1 July 2013 and supposed to expire at the end of 2016/17 financial year ending 30 June 2017, but COGTA allowed made a requirement that all new valuations start by the 2018/2019 July. The municipalities were advised to produce the supplementary valuation roll for 2018/2019. The Supplementary Valuation Roll 4 has been prepared and Final SV4 is available of which notifications were done to Rate Payers through advert and public notices to the Ratepayers. This was to give Ratepayers aggrieved by new General Valuation Values of their Properties to lodge objections as per requirements of Local Government: Municipal Property Rates Amendment Act of 2014.

The new general valuation roll was initiated in the month of November 2018. The ratepayers have been afforded an opportunity to object on the draft general valuation roll. The objection period was opened from the 01<sup>st</sup> March to 29<sup>th</sup> March 2019. Only one ratepayer came to object on the Draft General Valuation Roll. The objection period was then extended till 30 April 2019.

The new valuation roll will be effective from the 01<sup>st</sup> July 2019.

## Tariffs

Service Type	Category of user/users	New Tariffs 2018/2019	Proposed Increase/ Decrease	New Tariffs 2018/2019
<b>Property Rates</b>	Domestic	0.00900	4.0%	0.00936
	Business	0.01050	6.0%	0.01113
	Government	0.0250	6.0%	0.0265
	Vacant	0.00900	6.0%	0.00954
	Agricultural	0.00225	4.0%	0.00234
<b>Refuse Removal</b>	Domestic	83.29	6.0%	88.29
	Government	142.78	6.0%	151.35
	Business - Small	300.00	6.0%	318.00
	- Medium	400.00	6.0%	424.00
	- Complex	630.00	6.0%	667.80
	Vacant Stands - Availability Fee - Domestic	83.29	6.0%	88.29
	Vacant Stands - Availability Fee - Business	142.78	6.0%	151.35
<b>Burial and Cemeteries</b>	Single Grave once off	340.00	6.0%	360.40
	Double grave once off	650.00	6.0%	689.00
<b>Library Membership Fee</b>		59.49	6.0%	63.06
<b>Rental Office</b>	Large Businesses	93.58	6.0%	99.19
	Small Businesses	36.00	6.0%	38.16
<b>Rental :Municipal Hall Hire Per Hour</b>	Independently (Private use) - Day	77.34	6.0%	81.98
	Independently (Private use) - Night	116.01	6.0%	122.97
	Government - Day	118.98	6.0%	126.12
	Government - Night	178.48	6.0%	189.18
	Business - Day	154.68	6.0%	163.96
	Business - Night	232.02	6.0%	245.94
<b>Building Plan fees</b>	Commercial, industrial Government	5.95	6.0%	6.31
		-	6.0%	-
	Low cost funded by DPT of human settlement	5.95	6.0%	6.31
	Residential by individual owners	4.75	6.0%	5.04
	Administration for alteration in the existing bu	297.46	6.0%	315.31
	PENALTY-Administration for as built plans	356.95	6.0%	378.37
<b>Town Planning</b>	S.G. Diagram	94.20	6.0%	99.86
	General Plan	118.98	6.0%	126.12
	Zoning Certificate	59.49	6.0%	63.06

<b>Trading Tariffs</b>	Hawkers	62.94	6.0%	66.72
	· Fruit & Vegetables	62.94	6.0%	66.72
	· Clothing	88.16	6.0%	93.44
	Businesses	1 189.84	6.0%	1 261.23
		594.92	6.0%	630.61
		-		-
<b>Advertising</b>	1.5 m x 3.0m	142.79	6.0%	151.36
	3.0m x 6.0m	248.67	6.0%	263.59
		-	6.0%	-
<b>Pound Fees</b>	Livestock small and Large	70.99	6.0%	75.25
<b>Clearance certificate</b>		11.90	6.0%	12.61
<b>Waste Removal</b>		177.47	6.0%	188.12
<b>Garden Waste Removal Fees</b>		142.78	6.0%	151.35
<b>Spot fines for illegal dumping</b>	Households	237.97	6.0%	252.25
	General Practitioners (Surgeries & Clinics)	594.92	6.0%	630.61
	Business entities	356.95	6.0%	378.37
<b>Tender Fees</b>	Between R200 000 and R1000 000	180.00	6.0%	190.80
	Between R1000 000 and R10 000 000	400.00	6.0%	424.00
	Above R10 000 000	833.00	6.0%	882.98

## ACCUMULATED DEFICIT/SURPLUS

The Original Budget has a zero balance.

### 1.5 Operating Revenue Framework

For Ntabankulu Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2019/2020 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

EC444 Ntabankulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue By Source</b>											
Property rates	2	4 708	5 209	8 478	9 119	9 119	9 119	9 119	11 000	11 678	12 309
Service charges - electricity revenue	2	-	-	-	(3 400)	(3 381)	(3 381)	-	(3 260)	(3 436)	(3 622)
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	303	355	409	316	316	316	316	300	316	333
Rental of facilities and equipment		928	1 090	1 107	1 697	1 697	1 697	1 697	1 798	1 935	2 083
Interest earned - external investments		1 955	2 324	1 606	1 894	1 894	1 894	1 894	1 500	1 581	1 666
Interest earned - outstanding debtors		448	-	743	368	368	368	368	250	264	278
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 014	817	645	137	137	137	137	150	158	167
Licences and permits		1 395	1 077	1 312	2 209	2 209	2 209	2 209	2 600	2 740	2 888
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		103 743	115 851	105 108	28 203	113 211	113 211	113 211	126 981	132 771	146 408
Other revenue	2	1 412	410	690	7 246	67 326	67 326	67 326	62 774	66 134	69 706
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>115 905</b>	<b>127 133</b>	<b>120 099</b>	<b>47 789</b>	<b>192 896</b>	<b>192 896</b>	<b>196 277</b>	<b>204 093</b>	<b>214 141</b>	<b>232 216</b>

### 1.6.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Amendment Act of 2014, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA).
- 50 per cent rebate will be granted to registered indigents in terms of the Indigent Policy

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work,  
Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

### **Table 3 Operating Transfers and Grant Receipts**

EC444 Ntabankulu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		98 762	93 577	99 953	113 211	113 261	113 261	126 981	132 488	140 248
Local Government Equitable Share		98 512	93 327	99 603	108 982	108 982	108 982	122 525	129 621	137 381
		250	250	350	350	400	400	400	-	-
					1 909	1 909	1 909	1 621	-	-
					1 970	1 970	1 970	2 435	2 867	2 867
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	98 762	93 577	99 953	113 211	113 261	113 261	126 981	132 488	140 248
<b>Capital Transfers and Grants</b>										
National Government:		-	-	-	65 347	65 299	65 299	57 164	56 035	65 427
					25 347	25 347	25 347	27 164	28 502	30 427
Other capital transfers/grants [insert desc]					40 000	39 952	39 952	30 000	27 533	35 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	-	-	65 347	65 299	65 299	57 164	56 035	65 427
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		98 762	93 577	99 953	178 558	178 560	178 560	184 145	188 523	205 675

Tariff-setting is a vital and strategic part of the compilation of any budget. When rates, tariffs and other charges were set, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 5.4 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

**Table 4 Comparison of proposed rated levies for the 2019/20 financial year**

Property rates tariff increases have been implemented as per Circular 94 the consumer price index on revenue budget. The increase not uniform to all categories.

Service Type	Category of user/users	New Tariffs 2018/2019	Proposed Increase/ Decrease	New Tariffs 2018/2019
<b>Property Rates</b>	Domestic	0.00900	4.0%	0.00936
	Business	0.01050	6.0%	0.01113
	Government	0.0250	6.0%	0.0265
	Vacant	0.00900	6.0%	0.00954
	Agricultural	0.00225	4.0%	0.00234

### **Waste Removal and Impact of Tariff Increases**

Generally, in most municipalities, solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

The following table compares current and proposed amounts payable from 1 July 2019:



**Table 11 Comparison between current waste removal fees and increases**

<b>Refuse Removal</b>	Domestic	83.29	6.0%	88.29
	Government	142.78	6.0%	151.35
	Business - Small	300.00	6.0%	318.00
	- Medium	400.00	6.0%	424.00
	- Complex	630.00	6.0%	667.80
	Vacant Stands - Availability Fee - Domestic	83.29	6.0%	88.29
	Vacant Stands - Availability Fee - Business	142.78	6.0%	151.35

### 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the budget and MTREF (classified per main type of operating expenditure):

**Table 13 Summary of operating expenditure by standard classification item**

Expenditure By Type											
Employee related costs	###	53 577	57 468	50 121	60 561	60 632	60 632	60 632	66 525	71 690	77 337
Remuneration of councillors		-	-	11 444	10 979	11 825	11 825	11 825	12 477	12 759	13 448
Debt impairment	###	3 823	1 285	-	1 578	7 000	7 000	7 000	8 600	9 064	9 554
Depreciation & asset impairment	###	15 449	17 765	19 808	1 578	19 000	19 000	19 000	20 000	21 080	22 218
Finance charges		2 145	-	-	-	-	-	-	-	-	-
Bulk purchases	###	-	-	-	-	-	-	-	-	-	-
Other materials	###	-	-	-	907	1 000	1 000	1 000	4 425	1 581	1 666
Contracted services		15 449	17 765	19 808	29 238	28 067	28 067	28 067	33 227	34 296	36 573
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	94 308	98 524	69 986	21 821	30 309	30 309	30 309	37 899	36 488	38 740
Loss on disposal of PPE		362	42	-	-	27 274	27 274	27 274	5 000	10 540	11 109
<b>Total Expenditure</b>		<b>185 113</b>	<b>192 848</b>	<b>171 166</b>	<b>126 662</b>	<b>185 107</b>	<b>185 107</b>	<b>185 107</b>	<b>188 152</b>	<b>197 499</b>	<b>210 646</b>

The budgeted allocation for employee related costs for the 2019/2020 financial year totals R66 524 567 which equals 33% per cent of the total operating expenditure. The three year

collective SALGBC agreement has lapsed and there is no new proposal for salary increases as per SALGA collective agreement. Salary increases have been factored according to CPI, 5.2%. An average annual increase of around 5.4 per cent for 2020/2021 and 5.4% for 2021/2022 financial years of the MTREF

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

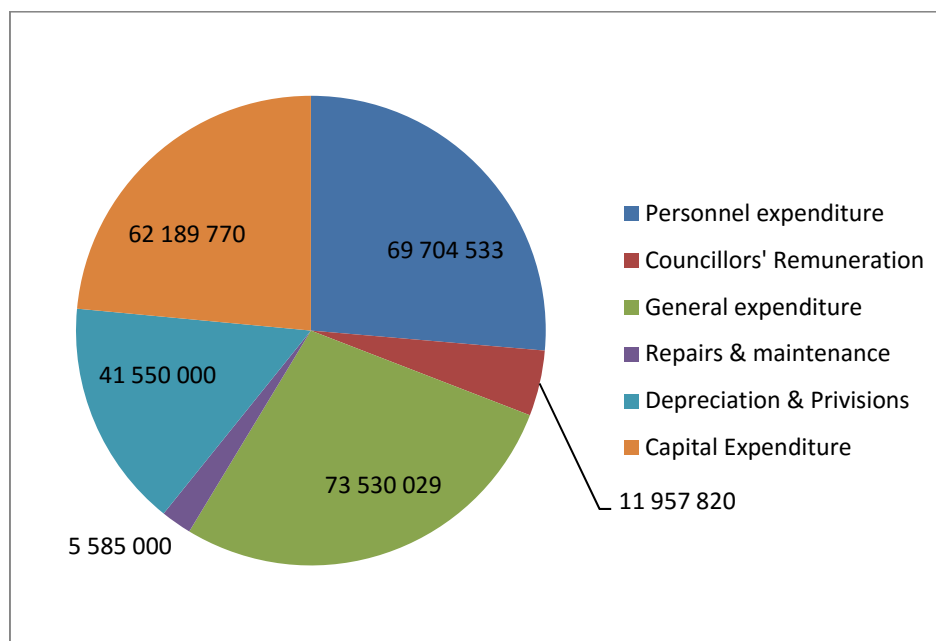
The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2019/20 financial year this amount equates to R2 600 000.00 and escalates to R2 740 400 by 2020/2021 and R2 888 382 by 2021/2022. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R20 000 000 for the 2019/2020 financial and equates to 10 per cent of the total operating expenditure.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. The expenditure for other materials is expected to be constant over the MTREF period.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth is expected to decrease by 5.2 per cent in 2019/2020.

The following table gives a breakdown of the main expenditure categories for the 2019/2020 financial year.



**Figure 1 Main operational expenditure categories for the 2020/21 financial year**

### 1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/20 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration and purchases of materials

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 14 Repairs and maintenance per asset class**

EC444 Ntabankulu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		–	541	1 400	1 900	1 940	1 940	4 050	4 058	4 277
Roads Infrastructure		–	541	1 400	1 600	1 750	1 750	3 000	3 162	3 333
Roads		–	541	1 400	1 600	1 750	1 750	3 000	3 162	3 333
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	300	190	190	1 050	896	944
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	1 000	843	889
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	300	190	190	50	53	56
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	–	–	–	–	–	–	–
Reservoirs		–	–	–	–	–	–	–	–	–
Pump Stations		–	–	–	–	–	–	–	–	–
Water Treatment Works		–	–	–	–	–	–	–	–	–
Bulk Mains		–	–	–	–	–	–	–	–	–
Distribution		–	–	–	–	–	–	–	–	–
Distribution Points		–	–	–	–	–	–	–	–	–
PRV Stations		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–	–	–
Retiulation		–	–	–	–	–	–	–	–	–
Waste Water Treatment Works		–	–	–	–	–	–	–	–	–
Outfall Sewers		–	–	–	–	–	–	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–	–	–
Rail Structures		–	–	–	–	–	–	–	–	–
Rail Furniture		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–	–	–
Piers		–	–	–	–	–	–	–	–	–
Revetments		–	–	–	–	–	–	–	–	–
Promenades		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–	–	–
Core Layers		–	–	–	–	–	–	–	–	–
Distribution Layers		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
<b>Community Assets</b>		–	641	45	200	–	–	300	316	333
Community Facilities		–	641	45	200	–	–	300	316	333
Halls		–	641	45	200	–	–	300	316	333
Centres		–	–	–	–	–	–	–	–	–
Crèches		–	–	–	–	–	–	–	–	–
Clinics/Care Centres		–	–	–	–	–	–	–	–	–
Fire/Ambulance Stations		–	–	–	–	–	–	–	–	–
Testing Stations		–	–	–	–	–	–	–	–	–
Museums		–	–	–	–	–	–	–	–	–
Galleries		–	–	–	–	–	–	–	–	–
Theatres		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Cemeteries/Crematoria		–	–	–	–	–	–	–	–	–
Police		–	–	–	–	–	–	–	–	–
Parks		–	–	–	–	–	–	–	–	–
Public Open Space		–	–	–	–	–	–	–	–	–
Nature Reserves		–	–	–	–	–	–	–	–	–
Public Ablution Facilities		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Stalls		–	–	–	–	–	–	–	–	–
Abattoirs		–	–	–	–	–	–	–	–	–
Airports		–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Indoor Facilities		–	–	–	–	–	–	–	–	–
Outdoor Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
<b>Heritage assets</b>		–	–	–	–	–	–	–	–	–
Monuments		–	–	–	–	–	–	–	–	–
Historic Buildings		–	–	–	–	–	–	–	–	–
Conservation Areas		–	–	–	–	–	–	–	–	–
Other Heritage		–	–	–	–	–	–	–	–	–
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property		–	–	–	–	–	–	–	–	–
<b>Other assets</b>		–	466	503	270	641	641	610	643	678
Operational Buildings		–	466	503	270	641	641	610	643	678

For the 2019/20 financial year R5.8 million of total repairs and maintenance will be spent on infrastructure assets.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The registering of households as indigents is a process that is reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 5 2019/20 Medium-term capital budget per vote**

Capital Expenditure - Functional											
Governance and administration		3 770	723	912	26 582	2 790	2 790	2 790	3 020	2 471	2 620
Ex ecutive and council					25 347	–	–	–	–	–	–
Finance and administration		3 456		573	1 235	2 790	2 790	2 790	3 020	2 471	2 620
Internal audit		314	723	339	–	–	–	–	–	–	–
Community and public safety		7 130	–	–	9 324	11 085	11 085	11 085	9 267	685	722
Community and social services		7 130			8 610	5 498	5 498	5 498	5 958	685	722
Sport and recreation					714	5 577	5 577	5 577	3 309	–	–
Public safety					–	10	10	10	–	–	–
Housing					–	–	–	–	–	–	–
Health					–	–	–	–	–	–	–
Economic and environmental services		79 615	85 652	89 729	19 186	24 292	24 292	24 292	35 222	3 335	3 515
Planning and development					920	870	870	870	28 343	1 174	1 238
Road transport		79 615	85 652	89 729	18 266	23 422	23 422	23 422	6 878	2 161	2 277
Environmental protection					–	–	–	–	–	–	–
Trading services		–	844	–	52 332	52 632	52 632	52 632	14 682	27 638	35 111
Energy sources					51 732	52 032	52 032	52 032	14 582	27 533	35 000
Water management					–	–	–	–	–	–	–
Waste water management					–	–	–	–	–	–	–
Waste management			844		600	600	600	600	100	105	111
Other					–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	90 515	87 219	90 641	107 424	90 799	90 799	90 799	62 190	34 129	41 969
Funded by:											
National Government		78 985	87 219	90 641	104 668	84 179	84 179	84 179	54 756	30 168	37 777
Provincial Government					–	–	–	–	–	–	–
District Municipality					–	–	–	–	–	–	–
Other transfers and grants					–	–	–	–	–	–	–
Transfers recognised - capital	4	78 985	87 219	90 641	104 668	84 179	84 179	84 179	54 756	30 168	37 777
Borrowing	6				–	–	–	–	–	–	–
Internally generated funds		11 530			2 655	6 520	6 520	6 520	7 434	3 961	4 191
Total Capital Funding	7	90 515	87 219	90 641	107 324	90 699	90 699	90 699	62 190	34 129	41 969

For 2019/20 an amount of R57 164 million has been appropriated for the development of infrastructure. This represents 94% of the total capital budget.

New assets total represents 100 per cent or R62 140 million of the total capital. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR B9 (Assets Management). In addition to the B9 MBRR, SB 18c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient project to be undertaken over the medium term includes, amongst others.

Furthermore contains a detail breakdown of the capital per project over the MTRF.

### **1.7 Annual Budget Tables**

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/2020 Original Budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

#### **Table 17 MBRR Table A1 - Budget Summary**

EC444 Ntabankulu - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	4 708	5 209	8 478	9 119	9 119	9 119	9 119	11 000	11 678	12 309
Service charges	303	355	409	(3 084)	(3 065)	(3 065)	316	(2 960)	(3 120)	(3 288)
Investment revenue	1 955	2 324	1 606	1 894	1 894	1 894	1 894	1 500	1 581	1 666
Transfers recognised - operational	103 743	115 851	105 108	28 203	113 211	113 211	113 211	126 981	132 771	146 408
Other own revenue	5 197	3 394	4 497	11 658	71 738	71 738	71 738	67 572	71 231	75 122
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>115 905</b>	<b>127 133</b>	<b>120 099</b>	<b>47 789</b>	<b>192 896</b>	<b>192 896</b>	<b>196 277</b>	<b>204 093</b>	<b>214 141</b>	<b>232 216</b>
Employee costs	53 577	47 661	50 121	60 561	60 632	60 632	60 632	70 487	75 354	80 629
Remuneration of councillors	-	9 807	11 444	10 979	11 825	11 825	11 825	11 616	12 243	12 904
Depreciation & asset impairment	15 449	17 754	19 808	1 578	19 000	19 000	19 000	35 000	36 890	38 882
Finance charges	2 145	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	907	1 000	1 000	1 000	1 500	1 581	1 666
Transfers and grants	-	68	25	1 970	1 970	1 970	1 970	-	-	-
Other expenditure	98 493	105 092	71 788	52 687	65 427	65 427	92 700	77 534	79 145	83 644
<b>Total Expenditure</b>	<b>169 664</b>	<b>180 381</b>	<b>153 186</b>	<b>128 682</b>	<b>159 854</b>	<b>159 854</b>	<b>187 127</b>	<b>196 137</b>	<b>205 213</b>	<b>217 726</b>
<b>Surplus/(Deficit)</b>	<b>(53 759)</b>	<b>(53 249)</b>	<b>(33 087)</b>	<b>(80 892)</b>	<b>33 043</b>	<b>33 043</b>	<b>9 150</b>	<b>7 956</b>	<b>8 928</b>	<b>14 490</b>
Transfers and subsidies - capital (monetary allocation)	92 293	92 960	97 999	77 079	85 313	85 313	85 313	57 164	56 035	65 427
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>38 534</b>	<b>39 711</b>	<b>64 912</b>	<b>(3 813)</b>	<b>118 356</b>	<b>118 356</b>	<b>94 463</b>	<b>65 120</b>	<b>64 963</b>	<b>79 917</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>38 534</b>	<b>39 711</b>	<b>64 912</b>	<b>(3 813)</b>	<b>118 356</b>	<b>118 356</b>	<b>94 463</b>	<b>65 120</b>	<b>64 963</b>	<b>79 917</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>90 515</b>	<b>87 219</b>	<b>90 641</b>	<b>107 424</b>	<b>90 799</b>	<b>90 799</b>	<b>90 799</b>	<b>62 190</b>	<b>34 129</b>	<b>41 969</b>
Transfers recognised - capital	78 985	87 219	90 641	104 668	84 179	84 179	84 179	54 756	30 168	37 777
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	11 530	-	-	2 655	6 520	6 520	6 520	7 434	3 961	4 191
<b>Total sources of capital funds</b>	<b>90 515</b>	<b>87 219</b>	<b>90 641</b>	<b>107 324</b>	<b>90 699</b>	<b>90 699</b>	<b>90 699</b>	<b>62 190</b>	<b>34 129</b>	<b>41 969</b>
<b>Financial position</b>										
Total current assets	21 999	9 832	9 666	4 617	14 364	14 364	44 070	31 905	33 628	35 444
Total non current assets	319 542	341 580	407 330	451 660	435 030	435 036	435 036	614 816	612 830	658 330
Total current liabilities	43 128	20 245	20 083	22 286	17 795	17 795	20 265	18 863	21 590	22 756
Total non current liabilities	5 074	2 357	2 908	1 575	1 000	1 000	1 000	3 000	3 162	3 333
Community wealth/Equity	293 366	328 823	393 986	326 247	313 935	313 935	-	571 553	602 417	634 947
<b>Cash flows</b>										
Net cash from (used) operating	102 683	101 039	91 044	137 019	139 503	101 544	101 544	101 304	103 016	120 025
Net cash from (used) investing	(83 416)	(87 423)	(91 847)	107 424	91 320	91 799	91 799	(61 190)	(33 075)	(40 858)
Net cash from (used) financing	(11 911)	(21 281)	-	-	-	-	(16 263)	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>9 244</b>	<b>1 595</b>	<b>792</b>	<b>244 443</b>	<b>230 823</b>	<b>193 344</b>	<b>177 504</b>	<b>40 115</b>	<b>110 056</b>	<b>189 223</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	9 262	1 595	792	1 595	1 595	1 595	424	15 780	16 632	17 530
Application of cash and investments	(2 436)	9 540	13 880	18 734	9 179	9 644	(16 916)	1 435	3 231	3 405
<b>Balance - surplus (shortfall)</b>	<b>11 698</b>	<b>(7 945)</b>	<b>(13 088)</b>	<b>(17 139)</b>	<b>(7 584)</b>	<b>(8 049)</b>	<b>17 339</b>	<b>14 345</b>	<b>13 401</b>	<b>14 126</b>
<b>Asset management</b>										
Asset register summary (WDV)	142 313	5 928	23 249	416 613	379 390	379 390	379 390	571 962	557 339	593 846
Depreciation	-	-	3	17 198	-	-	-	20 000	21 080	22 218
Renewal and Upgrading of Existing Assets	216 997	12 539	(741)	-	-	-	-	-	-	-
Repairs and Maintenance	-	1 649	1 948	2 370	2 581	2 581	2 581	5 585	5 676	5 982
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	3 400	3 381	3 381	3 260	3 260	3 436	3 622
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

## Explanatory notes to MBRR Table A1 - Budget Summary



1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the two outer years of the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

EC444 Ntabankulu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		205 486	217 844	215 732	178 319	252 200	252 200	204 145	214 617	232 718
Executive and council		-	-	-	51 732	51 732	51 732	-	-	-
Finance and administration		205 486	217 844	215 732	126 587	200 468	200 468	204 145	214 617	232 718
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 409	1 894	1 957	353	353	353	403	3	3
Community and social services		2 409	1 894	1 957	353	353	353	403	3	3
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	39 980	-	222 435	85 323	85 323	59 519	58 517	68 043
Planning and development		-	39 980	-	51 732	58 642	58 642	30 055	27 591	35 061
Road transport		-	-	-	170 703	26 681	26 681	29 464	30 926	32 982
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		303	355	409	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		303	355	409	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	208 198	260 073	218 098	401 107	337 876	337 876	264 067	273 137	300 765
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		169 664	180 313	153 161	81 352	138 324	138 324	126 478	133 461	141 148
Executive and council		9 441	9 807	61 564	21 545	25 641	25 641	25 633	26 578	27 575
Finance and administration		160 223	170 507	91 596	58 437	111 338	111 338	99 019	104 958	111 543
Internal audit		-	-	-	1 370	1 345	1 345	1 827	1 925	2 029
<i>Community and public safety</i>		-	-	-	28 737	29 046	29 046	41 815	44 770	47 911
Community and social services		-	-	-	26 054	25 334	25 334	40 295	43 189	46 245
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1 920	2 870	2 870	1 520	1 581	1 666
Housing		-	-	-	764	841	841	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	12 051	14 573	14 573	22 522	23 292	24 778
Planning and development		-	-	-	8 879	11 431	11 431	18 410	18 957	20 207
Road transport		-	-	-	1 640	1 795	1 795	3 273	3 451	3 639
Environmental protection		-	-	-	1 532	1 347	1 347	839	884	932
<i>Trading services</i>		-	-	-	2 509	2 609	2 609	3 951	2 245	2 366
Energy sources		-	-	-	300	300	300	2 050	1 950	2 055
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	100	100	200	211	222
Waste management		-	-	-	2 209	2 209	2 209	1 701	84	89
<i>Other</i>	4	-	-	-	4 032	2 576	2 576	1 371	1 445	1 523
<b>Total Expenditure - Functional</b>	3	169 664	180 313	153 161	128 682	187 127	187 127	196 137	205 213	217 726
<b>Surplus/(Deficit) for the year</b>		38 534	79 760	64 937	272 425	150 748	150 748	67 930	67 925	83 039

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table B4.

**Table 6 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

EC444 Ntabankulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Revenue by Vote	1									
Vote 1 - Finance & Admin		-	134 185	123 247	24 095	191 929	191 929	202 497	212 839	230 800
Vote 2 - Executive & Council		-	37 581	68 446	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	11	350	350	350	400	-	-
Vote 4 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 5 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Planning and Development		-	39 980	-	51 732	58 642	58 642	30 055	27 591	35 061
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-
Vote 9 - Road Transport		-	5 091	3 995	172 912	28 890	28 890	27 464	28 818	30 760
Vote 10 - Housing		-	-	-	-	-	-	-	-	-
Vote 11 - Public Safety		-	52	85	137	137	137	150	158	167
Vote 12 - Other		-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 14 - Public Safety		-	49	54	3	3	3	3	3	3
Vote 15 - Finance & Admin 2		-	358	17	1 639	1 639	1 639	1 648	1 778	1 919
Total Revenue by Vote	2	-	217 296	195 854	250 868	281 590	281 590	262 217	271 188	298 710
Expenditure by Vote to be appropriated	1									
Vote 1 - Finance & Admin		(471)	32 209	28 116	33 871	85 299	85 299	77 819	82 313	87 244
Vote 2 - Executive & Council		-	32 198	26 501	21 545	25 641	25 641	25 633	26 578	27 575
Vote 3 - Community and Social Services		-	25 724	20 379	24 697	24 276	24 276	40 195	43 083	46 134
Vote 4 - Internal Audit		-	825	732	1 370	1 345	1 345	1 827	1 925	2 029
Vote 5 - Waste Management		-	219	1 863	2 209	2 209	2 209	1 621	-	-
Vote 6 - Energy Sources		-	53	123	300	400	400	2 250	2 161	2 277
Vote 7 - Planning and Development		-	12 042	4 336	4 596	6 493	6 493	18 024	18 541	19 759
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-
Vote 9 - Road Transport		-	541	1 400	1 640	1 795	1 795	3 273	3 451	3 639
Vote 10 - Housing		-	-	-	-	0	0	-	-	-
Vote 11 - Public Safety		-	2 127	2 632	1 920	2 870	2 870	1 520	1 581	1 666
Vote 12 - Other		-	2 453	1 088	3 832	2 296	2 296	1 181	1 244	1 312
Vote 13 - Environmental Protection		-	76	-	764	841	841	-	-	-
Vote 14 - Public Safety		-	7 894	6 628	12 012	12 669	12 669	9 850	10 606	11 420
Vote 15 - Finance & Admin 2		-	34 092	31 917	18 395	19 647	19 647	12 106	12 845	13 738
Total Expenditure by Vote	2	(471)	150 454	125 715	127 150	185 780	185 780	195 298	204 329	216 794
Surplus/(Deficit) for the year	2	471	66 842	70 139	123 718	95 810	95 810	66 919	66 859	81 916

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 21MBRRTable A4 - Budgeted Financial Performance (revenue and expenditure)**

EC444 Ntabankulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

2019/20 Medium Term Revenue & Expenditure Framework											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	4 708	5 209	8 478	9 119	9 119	9 119	9 119	11 000	11 678	12 309
Service charges - electricity revenue	2	-	-	-	(3 400)	(3 381)	(3 381)	-	(3 260)	(3 436)	(3 622)
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	303	355	409	316	316	316	316	300	316	333
Rental of facilities and equipment		928	1 090	1 107	1 697	1 697	1 697	1 697	1 798	1 935	2 083
Interest earned - external investments		1 955	2 324	1 606	1 894	1 894	1 894	1 894	1 500	1 581	1 666
Interest earned - outstanding debtors		448	-	743	368	368	368	368	250	264	278
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 014	817	645	137	137	137	137	150	158	167
Licences and permits		1 395	1 077	1 312	2 209	2 209	2 209	2 209	2 600	2 740	2 888
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		103 743	115 851	105 108	28 203	113 211	113 211	113 211	126 981	132 771	146 408
Other revenue	2	1 412	410	690	7 246	67 326	67 326	67 326	62 774	66 134	69 706
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		115 905	127 133	120 099	47 789	192 896	192 896	196 277	204 093	214 141	232 216
Expenditure By Type											
Employee related costs	2	53 577	47 661	50 121	60 561	60 632	60 632	60 632	70 487	75 354	80 629
Remuneration of councillors		-	9 807	11 444	10 979	11 825	11 825	11 825	11 616	12 243	12 904
Debt impairment	3	3 823	1 285	-	1 578	7 000	7 000	7 000	7 000	7 378	7 776
Depreciation & asset impairment	2	15 449	17 754	19 808	1 578	19 000	19 000	19 000	35 000	36 890	38 882
Finance charges		2 145	-	-	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	907	1 000	1 000	1 000	1 500	1 581	1 666
Contracted services		-	5 261	1 802	28 588	27 417	27 417	27 417	34 410	33 687	35 467
Transfers and subsidies		-	68	25	1 970	1 970	1 970	1 970	-	-	-
Other expenditure	4, 5	94 308	98 524	69 986	22 521	31 009	31 009	31 009	36 124	38 079	40 400
Loss on disposal of PPE		362	22	-	-	-	-	27 274	-	-	-
Total Expenditure		169 664	180 381	153 186	128 682	159 854	159 854	187 127	196 137	205 213	217 726
Surplus/(Deficit)		(53 759)	(53 249)	(33 087)	(80 892)	33 043	33 043	9 150	7 956	8 928	14 490
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		92 293	92 960	97 999	77 079	85 313	85 313	85 313	57 164	56 035	65 427
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all))	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		38 534	39 711	64 912	(3 813)	118 356	118 356	94 463	65 120	64 963	79 917
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		38 534	39 711	64 912	(3 813)	118 356	118 356	94 463	65 120	64 963	79 917
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		38 534	39 711	64 912	(3 813)	118 356	118 356	94 463	65 120	64 963	79 917
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		38 534	39 711	64 912	(3 813)	118 356	118 356	94 463	65 120	64 963	79 917

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R264 517 million in 2019/20 and increases to R282 995 million by 2021/22.
2. Revenue to be generated from property rates is R10 million in the 2019/20 financial year and increases to R11.1 million by 2021/22 which represents 5 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 3-6 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to refuse removal is also critical to the revenue basket of the Municipality totalling R300 000 for the 2019/20 financial year and increasing to R333 275 by 2021/22.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases.
5. Employee related costs and general expenses are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and general expenses (other costs) in future years

**Table 7 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Capital Expenditure - Functional												
Governance and administration		3 770	723	912	26 582	2 790	2 790	2 790	3 020	2 471	2 620	
Executive and council					25 347	–	–	–	–	–	–	
Finance and administration		3 456		573	1 235	2 790	2 790	2 790	3 020	2 471	2 620	
Internal audit		314	723	339	–	–	–	–	–	–	–	
Community and public safety		7 130	–	–	9 324	11 085	11 085	11 085	9 267	685	722	
Community and social services		7 130			8 610	5 498	5 498	5 498	5 958	685	722	
Sport and recreation					714	5 577	5 577	5 577	3 309	–	–	
Public safety					–	10	10	10	–	–	–	
Housing					–	–	–	–	–	–	–	
Health					–	–	–	–	–	–	–	
Economic and environmental services		79 615	85 652	89 729	19 186	24 292	24 292	24 292	35 222	3 335	3 515	
Planning and development					920	870	870	870	28 343	1 174	1 238	
Road transport		79 615	85 652	89 729	18 266	23 422	23 422	23 422	6 878	2 161	2 277	
Environmental protection					–	–	–	–	–	–	–	
Trading services		–	844	–	52 332	52 632	52 632	52 632	14 682	27 638	35 111	
Energy sources					51 732	52 032	52 032	52 032	14 582	27 533	35 000	
Water management					–	–	–	–	–	–	–	
Waste water management					–	–	–	–	–	–	–	
Waste management			844		600	600	600	600	100	105	111	
Other					–	–	–	–	–	–	–	
Total Capital Expenditure - Functional		3	90 515	87 219	90 641	107 424	90 799	90 799	90 799	62 190	34 129	41 969
Funded by:												
National Government			78 985	87 219	90 641	104 668	84 179	84 179	84 179	54 756	30 168	37 777
Provincial Government						–	–	–	–	–	–	–
District Municipality						–	–	–	–	–	–	–
Other transfers and grants						–	–	–	–	–	–	–
Transfers recognised - capital		4	78 985	87 219	90 641	104 668	84 179	84 179	84 179	54 756	30 168	37 777
Borrowing		6				–	–	–	–	–	–	–
Internally generated funds			11 530			2 655	6 520	6 520	6 520	7 434	3 961	4 191
Total Capital Funding		7	90 515	87 219	90 641	107 324	90 699	90 699	90 699	62 190	34 129	41 969

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and

specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 23 MBRR Table A6 -Budgeted Financial Position**

EC444 Ntabankulu - Table A6 Budgeted Financial Position											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Current assets											
Cash		9 262	1 595	792	1 595	1 595	1 595	424	15 780	16 632	17 530
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	461	2 560	3 334	1 355	11 883	11 883	11 883	16 125	16 996	17 914
Other debtors		11 510	4 790	4 771	782	–	–	31 523	–	–	–
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	766	886	769	886	886	886	241	–	–	–
Total current assets		21 999	9 832	9 666	4 617	14 364	14 364	44 070	31 905	33 628	35 444
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		27 101	22 263	22 263	22 263	22 263	22 263	22 263	25 751	27 142	28 607
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	292 441	319 317	385 040	429 384	412 760	412 760	412 760	589 051	585 399	629 401
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		28	13	8	13	13	13	289	322	339	357
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		319 542	341 580	407 330	451 660	435 030	435 036	435 036	614 816	612 830	658 330
TOTAL ASSETS		341 541	351 411	416 997	456 278	449 394	449 400	479 106	646 721	646 458	693 774
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	21 030	–	–	(82)	–	–	–	–	–	–
Consumer deposits		4 783	82	–	–	–	–	–	–	–	–
Trade and other payables	4	17 124	19 874	19 931	19 898	20 265	20 265	20 265	16 263	18 850	19 868
Provisions		192	289	152	2 470	(2 470)	(2 470)	–	2 600	2 740	2 888
Total current liabilities		43 128	20 245	20 083	22 286	17 795	17 795	20 265	18 863	21 590	22 756
Non current liabilities											
Borrowing		333	–	–	–	–	–	–	–	–	–
Provisions		4 741	2 357	2 908	1 575	1 000	1 000	1 000	3 000	3 162	3 333
Total non current liabilities		5 074	2 357	2 908	1 575	1 000	1 000	1 000	3 000	3 162	3 333
TOTAL LIABILITIES		48 203	22 601	22 991	23 861	18 795	18 795	21 265	21 863	24 752	26 089
NET ASSETS	5	293 339	328 810	394 006	432 417	430 599	430 605	457 841	624 858	621 706	667 685
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		293 366	328 823	393 986	326 247	313 935	313 935	–	571 553	602 417	634 947
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	293 366	328 823	393 986	326 247	313 935	313 935	–	571 553	602 417	634 947

### Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table B6 is supported by an extensive table of notes (Sb2 and B7) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 24MBRRTable A7 - Budgeted Cash Flow Statement****Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals –R40 million as at the beginning of the 2019/20.

NET CASH FROM/(USED) INVESTING ACTIVITIES		(83 416)	(87 423)	(91 847)	107 424	91 320	91 799	91 799	(61 190)	(33 075)	(40 858)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-	-	-	-	-	-	-
Borrowing long term/refinancing		7 089			-	-	-	(16 263)	-	-	-
Increase (decrease) in consumer deposits					-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(19 000)	(21 281)		-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(11 911)	(21 281)	-	-	-	-	(16 263)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		7 356	(7 666)	(803)	244 443	230 823	193 344	177 081	40 115	69 941	79 167
Cash/cash equivalents at the year begin:	2	1 887	9 261	1 595	-	-	-	424	-	40 115	110 056
Cash/cash equivalents at the year end:	2	9 244	1 595	792	244 443	230 823	193 344	177 504	40 115	110 056	189 223

**Table 25MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

EC444 Ntabankulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	9 244	1 595	792	244 443	230 823	193 344	177 504	40 115	110 056	189 223
Other current investments > 90 days		18	-	-	(242 848)	(229 228)	(191 749)	(177 081)	(24 335)	(93 424)	(171 693)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>9 262</b>	<b>1 595</b>	<b>792</b>	<b>1 595</b>	<b>1 595</b>	<b>1 595</b>	<b>424</b>	<b>15 780</b>	<b>16 632</b>	<b>17 530</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(2 436)	9 540	13 880	18 734	9 179	9 644	(16 916)	1 435	3 231	3 405
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>(2 436)</b>	<b>9 540</b>	<b>13 880</b>	<b>18 734</b>	<b>9 179</b>	<b>9 644</b>	<b>(16 916)</b>	<b>1 435</b>	<b>3 231</b>	<b>3 405</b>
<b>Surplus(shortfall)</b>		<b>11 698</b>	<b>(7 945)</b>	<b>(13 088)</b>	<b>(17 139)</b>	<b>(7 584)</b>	<b>(8 049)</b>	<b>17 339</b>	<b>14 345</b>	<b>13 401</b>	<b>14 126</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**



1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the draft 2018/19 MTREF budget is funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 Draft MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

**Table 26 MBRR Table A9 - Asset Management**

TOTAL CAPITAL EXPENDITURE - Asset class		235 253	89 354	67 773	107 424	90 799	90 799	62 190	34 129	41 969
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>142 313</b>	<b>5 928</b>	<b>23 249</b>	<b>416 613</b>	<b>379 390</b>	<b>379 390</b>	<b>571 962</b>	<b>557 339</b>	<b>593 846</b>
<i>Roads Infrastructure</i>		(8 329)	(5 719)	(215)	40 891	11 163	11 163	13 021	2 161	2 277
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		(1 030)	21 374	24 211	51 732	42 946	42 946	24 004	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		6 935	(142)	(166)	120	120	120	1 972	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		(2 606)	(393)	(328)	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	1 869	158	167
<b>Infrastructure</b>		<b>(5 030)</b>	<b>15 121</b>	<b>23 503</b>	<b>92 743</b>	<b>54 229</b>	<b>54 229</b>	<b>40 866</b>	<b>2 319</b>	<b>2 444</b>
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		(2 393)	(368)	(208)	210	210	210	1 290	647	699
<b>Furniture and Office Equipment</b>		(2 122)	(188)	31	-	280	280	150	158	167
<b>Machinery and Equipment</b>		130 290	(8 574)	(106)	322 060	322 220	322 220	528 156	552 634	588 870
<b>Transport Assets</b>		19 535	(64)	(234)	1 600	2 450	2 450	1 500	1 581	1 666
<b>Land</b>		2 034	-	263	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>142 313</b>	<b>5 928</b>	<b>23 249</b>	<b>416 613</b>	<b>379 390</b>	<b>379 390</b>	<b>571 962</b>	<b>557 339</b>	<b>593 846</b>
<b>EXPENDITURE OTHER ITEMS</b>		-	1 649	1 951	19 568	2 581	2 581	25 585	26 756	28 201
<b>Depreciation</b>	<b>7</b>	-	-	3	17 198	-	-	20 000	21 080	22 218
<b>Repairs and Maintenance by Asset Class</b>	<b>3</b>	-	1 649	1 948	2 370	2 581	2 581	5 585	5 676	5 982
<i>Roads Infrastructure</i>		-	541	1 400	1 600	1 750	1 750	3 000	3 162	3 333
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	300	190	190	1 050	896	944
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	541	1 400	1 900	1 940	1 940	4 050	4 058	4 277
<b>Community Facilities</b>		-	641	45	200	-	-	300	316	333
<b>Sport and Recreation Facilities</b>		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	641	45	200	-	-	300	316	333
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
<b>Revenue Generating</b>		-	-	-	-	-	-	-	-	-
<b>Non-revenue Generating</b>		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
<b>Operational Buildings</b>		-	466	503	270	641	641	610	643	678
<b>Housing</b>		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	466	503	270	641	641	610	643	678
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<b>Servitudes</b>		-	-	-	-	-	-	-	-	-
<b>Licences and Rights</b>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	20	21	22
<b>Machinery and Equipment</b>		-	-	-	-	-	-	255	269	283
<b>Transport Assets</b>		-	-	-	-	-	-	350	369	389
<b>Land</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		-	1 649	1 951	19 568	2 581	2 581	25 585	26 756	28 201

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality has not met both these recommendations due to funds constraints.

Table 9 MBRR Table A10 - Basic Service Delivery Measurement

EC444 Ntabankulu - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		5 581	5 581	5 581	5 581	5 581	5 581	5 581	5 581	5 581
<i>Minimum Service Level and Above sub-total</i>		5 581	5 581	5 581	5 581	5 581	5 581	5 581	5 581	5 581
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	5 581	5 581	5 581	5 581	5 581	5 581	5 581	5 581	5 581
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	3 400	3 381	3 381	3 260	3 436	3 622
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	3 400	3 381	3 381	3 260	3 436	3 622
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>		-	-	-	-	-	-	-	-	-

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 5 581 households to be registered as indigent in 2016/17, and therefore entitled to receiving Free Basic Services. The number is expected to be constant given although in real terms is supposed to increase due to the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R3.4 million in 2018/19, and R3.8 million in 2020/21. This is covered by the municipality's equitable share allocation from national government.

## **2 Part 2 – Supporting Documentation**

### **2.1 Overview of the budget process**

This was covered during the preparation of the budget that was adopted in August 2017

### **2.2 Overview of alignment of Annual Budget with IDP**

The development of the IDP of 2019/20 and the 2021/22 Budget Compilation were done simultaneously. The Community Participation Process IDP priorities and the implications will yield discussion on the current and future budget. The Community in this regard has been invited for comments on both the Draft IDP and the 2019/20 Budget. The IDP was then aligned to budget, was finalised and adopted by the Council on the 30<sup>th</sup> of May 2018.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KPA's Details of the Budgets allocated to the various departments that were reflected in schedules SA4-6 of the draft budget

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with Nation and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);

- Accelerated and Shared Growth
- National 2014 Vision;
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 28 IDP Strategic Objectives**

2018/19 Financial Year		2018/19 MTREF	
1	The Provision of quality Basic Services and Infrastructure	1	Provision of quality Basic Services and Infrastructure
2	Acceleration of higher and shared economic growth and development	2	Economic growth and development that leads to sustainable job creation
3	Fighting of Poverty, building clean, healthy, safe and sustainable communities	3.1	Fighting of Poverty, building clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4	Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5		5.1	Promote sound governance

	Good governance, Financial viability and institutional governance		
		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. This was done during consultative budget processes during preparatory process for the budget that was adopted in May hence the revised budget is also informed by the adopted budget.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
  - Provide Electricity
  - Provide Water
  - Provide Sanitation
  - Provide Waste Removal
  - Provide Housing
  - Provide Roads and Storm Water; and
  - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the municipality;
  - 
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure (EPWP)
3. Fight poverty and build clean, healthy, safe and sustainable communities:



- Effective implementation of the Indigent Policy;
  - Working with the Provincial Department of Health to provide primary health care services;
  - Extending waste removal services and ensuring effective cleansing;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
- 3.1 Integrated Social Services for empowered and sustained communities
- Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above..

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building Social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the revised IDP, including;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

### **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 5 Planning, Budgeting and Reporting Cycle**

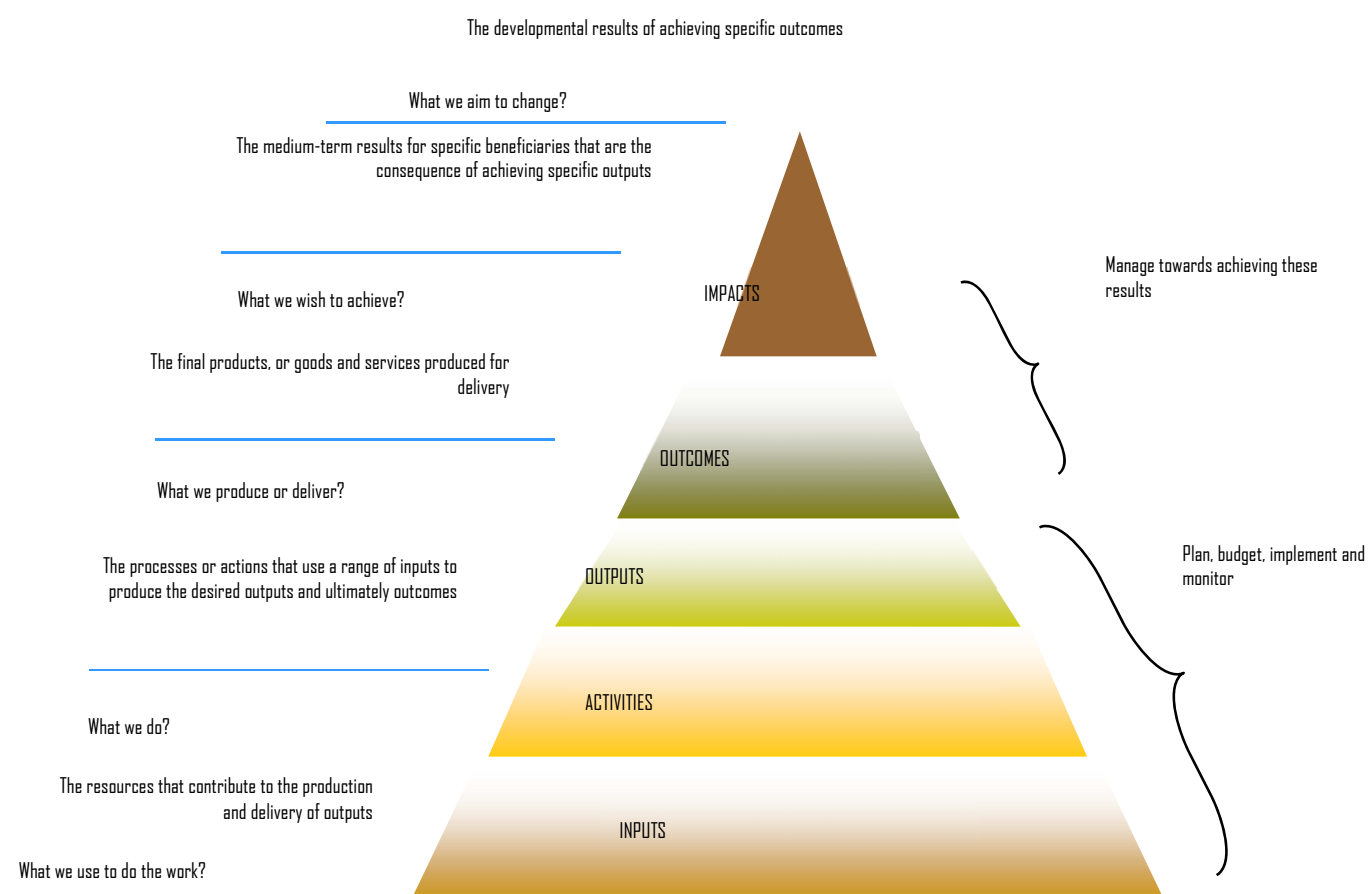
The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);
- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary)

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

### Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.



The revised SBDIP provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

### 2.3.1 Safety of Capital

*The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.

*The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Currently, the municipality do not have any borrowings.

### 2.3.2 Liquidity

*Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. Going forward it will be necessary to maintain these levels.

*The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

### 2.3.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

### 2.3.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure that municipality is working towards 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2017/18 financial year 9 292 registered household indigents and only 5581 have been approved and provided for in the budget with this figure hoping to maintain by 2019/20

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement) on page 31.

## 2.4 OVERVIEW OF BUDGET RALATED POLICIES

As listed hereunder are all the draft policies that are current adopted by

Ntabankulu Local Municipality. All these draft policies can be viewed on the official municipal website [www.ntabankulu.gov.za](http://www.ntabankulu.gov.za)

### Approved Policies

- 1 Credit Control & Debt Collection Policy
- 2 Asset Management Policy
- 3 Property Rates Policy
- 4 Tariff Policy
- 5 Supply Chain Management Policy
- 6 Indigent Policy
- 7 Budget Policy
8. Transport Policy
9. Investment Policy

## 2.5 Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2018/19 budget:

 Estimate Salary Increases

- 2018/19 – 5.2%

- 2019/20 – 5.5%
- 2020/21 – 5.5%

⚠ Debt Impairment: the overall collection levels are estimate around 85% overall for the NLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates 85% in 2018/19)
- Refuse 70% in 2018/19)

⚠ Indigent Support is 60% on registered indigents;

⚠ Ntabankulu Local Municipality will continue with its current powers and functions;

⚠ Government grants for the years 2018/2019 to 2020/2021 are as per the Division of Revenue Act, assuming that all allocations will be received;

⚠ The inflation rate has been estimated at 5.2% per annum;

⚠ Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

#### TARIFFS, OTHER THAN PROPERTY RATES AND REFUSE

<b>Burial and Cemeteries</b>	Single Grave once off	147,03	340,00
	Double grave once off	282,76	650,00
<b>Annual Library Membership Fee</b>		56,55	59,49
<b>Rental Office</b>	Large Businesses	88,95	93,58
	Small Businesses	34,22	36,00
<b>Rental :Municipal Hall Hire Per Hour</b>	Independently (Private use) - Day	73,52	77,34
	Independently (Private use) - Night	0,00	116,01
	Government – Day	113,10	118,98
	Government – Night	0,00	178,48
	Business – Day	113,10	154,68
	Business – Night	113,10	232,02
<b>Building Plan fees</b>	Commercial, industrial Government	5,66	5,95
	Low cost funded by DPT of human settlement	5,66	5,95
	Residential by individual owners	4,52	4,75
	Administration for alteration in the existing building (extending, fitting of glasses, etc.)	282,76	297,46

	PENALTY-Administration for as built plans	339,31	356,95
<b>Town Planning</b>	S.G. Diagram	89,55	94,20
	General Plan	113,10	118,98
	Zoning Certificate	56,55	59,49
<b>Zoning and Rezoning of Land</b>	Amendments to scheme clauses	2352,53	2 474,87
	Less than 5000sqm (including minor and inconsequential)	2352,53	2 474,87
	5000sqm-5ha	8367,33	8 802,43
	>5ha – 10ha	20895,71	21 982,28
	>10ha	0,00	-
	Basic	31784,19	33 436,96
	1ha in excess of 10ha	2458,85	2 586,71
	Material change to the application		-
	Applicable Appeals (MSA sec. 62)	1093,70	1 150,57
<b>Subdivision of Land/Consolidation</b>	Basic application fee	1159,30	1 219,59
	Less than 6 subs per portion	565,51	594,92
	6 - 10 subs per portion	451,99	475,49
	11–20 subs per portion	339,31	356,95
	More than 21 subs per portion	226,21	237,97
	Applicants appeals	1093,70	1 150,57
	Consolidation	1131,03	1 189,84
	All instances where the conditions are removed via a PDA process	4179,14	4 396,46
<b>Consent</b>	Consent & change of use of land or building	4179,14	4 396,46
	Bed & Breakfast/Guest house applications	4179,14	4 396,46
	Sand mining & any other mining application	4179,14	4 396,46
	Applicant appeals	1093,70	1 150,57
	On a property <300sqm in extent	1131,03	1 189,84
	On a property between 300 and 1000sqm in extent	2827,57	2 974,60
	On a property >1000sqm	4524,10	4 759,36
	RELAXATION		-
	For residential sites	339,31	356,95
	Non-residential sites	4524,10	4 759,36
	Relaxation of height of boundary walls in excess of 3m (Residential & Non Residential)	1051,85	1 106,55
<b>Trading Tariffs</b>	Hawkers	59,83	62,94
	· Fruit & Vegetables	59,83	62,94
	· Clothing	83,80	88,16
	Businesses	1131,03	1 189,84



		565,51	594,92
<b>Advertising</b>	1.5 m x 3.0m	135,73	142,79
	3.0m x 6.0m	236,38	248,67
			-
<b>Pound Fees</b>	Livestock small and Large	67,48	70,99
<b>Clearance certificate</b>		11,31	11,90
<b>Waste Removal</b>		168,70	177,47
<b>Garden Waste Removal Fees</b>		135,72	142,78
<b>Spot fines for illegal dumping</b>	Households	226,21	237,97
	General Practitioners (Surgeries & Clinics)	565,51	594,92
	Business entities	339,31	356,95
<b>Tender Fees</b>	Between R200 000 and R1000 000	339,31	100,00
	Between R1000 000 and R10 000 000	565,51	220,00
	Above R10 000 000	791,72	300,00

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as solid waste removal. The are other revenue sources such as building plan fees, licenses and permits etc.

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and Municipal Property Rates Amendment Act of 2014; and
- The ability to extend new services and obtain cost recovery levels.

## **2.6 Cash Flow Management**

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. It gives information on what months is municipality expecting to receive revenue and which months it is also expecting to incur expenditure. This information influence investment decisions. The following cash flow management information is contained in some of schedules on the municipal revised budget and is as follows:

### **Supporting Table SA26 - monthly revenue and expenditure**

EC444 Ntabankulu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Budget Year 2018/19															Medium Term Revenue and Expenditure Framework		
Description															Ref		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21		
Revenue by Vote																	
Vote 1 - Finance and Administration	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 233	126 272	136 311	145 793		
Vote 2 - Finance and Administration	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	(115 723)	316	333	351		
Vote 3 - Community And Social Services	29	29	29	29	29	29	29	29	29	29	29	(321)	3	3	3		
Vote 4 - Planning and Development	2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	25 347	25 806	27 077		
Vote 5 - Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 6 - Energy Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 7 - Executive and Council	4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	51 732	32 000	38 400		
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 9 - Road Transport	184	184	184	184	184	184	184	184	184	184	184	184	2 209	2 331	2 459		
Vote 10 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 11 - Public Safety	11	11	11	11	11	11	11	11	11	11	11	11	137	145	153		
Vote 12 - Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 13 - Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 14 - Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 15 - Community And Social Services	29	29	29	29	29	29	29	29	29	29	29	27	350	-	-		
Total Revenue by Vote	27 775	27 775	27 775	27 775	27 775	27 775	27 775	27 775	27 775	27 775	27 775	(99 164)	206 365	196 928	214 236		
Expenditure by Vote to be appropriated																	
Vote 1 - Finance and Administration	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	3 369	63 267	74 181	78 619		
Vote 2 - Finance and Administration	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	(57 822)	2 076	2 190	2 199		
Vote 3 - Community And Social Services	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	931	19 752	20 522	21 651		
Vote 4 - Planning and Development	778	778	778	778	778	778	778	778	778	778	778	778	9 339	10 225	10 334		
Vote 5 - Internal Audit	114	114	114	114	114	114	114	114	114	114	114	114	1 370	1 445	1 525		
Vote 6 - Energy Sources	25	25	25	25	25	25	25	25	25	25	25	25	300	317	334		
Vote 7 - Executive and Council	1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	16 391	17 239	18 188		
Vote 8 - Environmental Protection	154	154	154	154	154	154	154	154	154	154	154	154	1 842	1 943	2 050		
Vote 9 - Road Transport	137	137	137	137	137	137	137	137	137	137	137	137	1 640	1 731	1 826		
Vote 10 - Other	301	301	301	301	301	301	301	301	301	301	301	301	3 610	2 152	2 271		
Vote 11 - Public Safety	183	183	183	183	183	183	183	183	183	183	183	183	2 200	2 321	2 449		
Vote 12 - Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vote 13 - Waste Management	362	362	362	362	362	362	362	362	362	362	362	362	4 347	2 070	2 184		
Vote 14 - Housing	64	64	64	64	64	64	64	64	64	64	64	64	764	806	850		
Vote 15 - Community And Social Services	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	(18 041)	780	823	868		
Total Expenditure by Vote	17 796	17 796	17 796	17 796	17 796	17 796	17 796	17 796	17 796	17 796	17 796	(68 079)	127 677	137 965	145 347		
Surplus/(Deficit) before assoc.	9 979	9 979	9 979	9 979	9 979	9 980	9 979	9 979	9 979	9 979	9 979	(31 086)	78 688	58 964	68 889		

## Supporting Table SA30 Annual Budget - monthly cash flow

EC444 Ntabankulu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand													1		
<b>Cash Receipts By Source</b>															
Property rates	791	791	791	791	791	791	791	791	791	791	791	791	422	9 119	9 621
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	26	26	26	26	26	26	26	26	26	26	26	26	316	333	351
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	133	133	133	133	133	133	133	133	133	133	133	133	1 597	1 685	1 777
Interest earned - external investments	158	158	158	158	158	158	158	158	158	158	158	158	1 894	1 998	2 108
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	368	388	410
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	11	11	11	11	11	11	11	11	11	11	11	11	137	145	153
Licences and permits	184	184	184	184	184	184	184	184	184	184	184	184	2 209	2 331	2 459
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	113 211	122 163	130 867
Other revenue	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	753	435	485
<b>Cash Receipts by Source</b>	10 709	10 709	10 709	10 709	10 709	10 709	10 709	10 709	10 709	10 709	10 709	10 709	11 490	129 286	139 122
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	77 079	57 806	65 477
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	(1 055)	(1 113)
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	7	7	7	7	7	7	7	7	7	7	7	7	82	87	91
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 920	206 447	195 960
<b>Cash Payments by Type</b>															
Employee related costs	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	60 561	65 495	67 346
Remuneration of councillors	915	915	915	915	915	915	915	915	915	915	915	915	10 979	11 583	12 220
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	76	76	76	76	76	76	76	76	76	76	76	76	907	957	1 010
Contracted services	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	27 551	25 264	26 097
Transfers and grants - other municipalities	164	164	164	164	164	164	164	164	164	164	164	164	1 970	2 435	2 867
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	26 188	43 863	51 383
<b>Cash Payments by Type</b>	10 104	10 104	10 104	10 104	10 104	10 104	10 104	10 104	10 104	10 104	10 104	10 104	34 686	145 831	157 117
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	6 557	6 557	6 557	6 557	6 557	6 557	6 557	6 557	6 557	6 557	6 557	(65 574)	6 557	4 871	5 513
Repayment of borrowing	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(82)	(87)	(91)
Other Cash Flows/Payments	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(2 627)	(2 772)	(2 924)
<b>Total Cash Payments by Type</b>	16 436	16 436	16 436	16 436	16 436	16 436	16 436	16 436	16 436	16 436	16 436	16 436	(31 114)	149 679	159 130
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	703	703	703	703	703	703	703	703	703	703	703	703	49 034	56 768	36 830
Cash/cash equivalents at the month/year begin:	15 000	15 703	16 406	17 109	17 812	18 516	19 219	19 922	20 625	21 328	22 031	22 734	15 000	71 768	108 599
Cash/cash equivalents at the month/year end:	15 703	16 406	17 109	17 812	18 516	19 219	19 922	20 625	21 328	22 031	22 734	23 437	71 768	108 599	153 762

## 2.7 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### 1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

### 2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

**3. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

**4. Audit Committee**

An Audit Committee has been established and is fully functional.

**5. Draft Integrated Development Plan**

The Draft IDP document is in place and was tabled for the approval of the 2018/19 Draft MTREF in March 2018 directly aligned and it is informed by the 2018/19 MTREF.

**6. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

**7. Policies**

All budget related policies are in place.

## **2.8 Municipal Manager's quality certificate**

I, Sindiswa Mankahla, Municipal Manager of Ntabankulu Local Municipality, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

**Print Name** \_\_\_\_\_

**Municipal Manager of Ntabankulu Local Municipality (EC 444)**

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_